

# Schedule of Audit Findings and Responses

## **Darrington School District No. 330 Snohomish County September 1, 2008 through August 31, 2009**

- 1. A District employee violated the District's conflict of interest policy by operating a private business using District resources.**

### **Background**

An Administrative Assistant in the Instructional Support Services Department, who is the spouse of a Darrington School Board Member, operates a company using District facilities. The company sells custom embroidery, hot press and silk screening items such as uniforms for sport teams. In addition, the District conducted business with this employee's company, paying it \$3,446 in 2009. The District also paid the employee \$41,987 in salary and benefits during 2009.

Purchase orders and invoices authorizing the services and payments were approved either by the Superintendent or Principal of the High School and Middle School.

### **Description of Condition**

During our audit, we observed the Administrative Assistant deliver embroidered apparel to two customers and accept payment. The employee stated she occasionally brings apparel to teachers or students that they have ordered and they pay her while she is working for the District. The employee stated that finished goods were placed in teacher's in-boxes. She stated it is a convenience for District employees.

### **Cause of Condition**

The employee did not consider delivering goods and accepting payment during work hours as conducting a private business. Additionally, the District management was not aware the employee was conducting personal business while she was at work.

### **Effect of Condition**

The employee did not follow the District's conflict of interest policy. Public resources were used to benefit the employee's private business.

### **Recommendation**

We recommend the Instructional Support Services Department employee comply with the conflict of interest Policy. We also recommend the District establish and follow internal controls to ensure personnel are aware and knowledgeable of policies. Further, we recommend the District revise the conflict of interest policy to prohibit employees from conducting personal business using District resources.

## **District's Response**

*The district employee who violated the District's conflict of interest policy has received a written letter of reprimand regarding this practice. The employee has also received an additional personal conversation reiterating the boundaries of which are to be observed regarding her assigned work duties. Consequences of further violations of the conflict of interest policy were also discussed.*

## **Auditor's Remarks**

We thank District staff for their assistance during the audit. We will follow up on the status of these issues during our next scheduled audit.

## **Applicable Laws and Regulations**

Darrington School District, Board Policy BP5251, Conflicts of Interest states in part:

Staff members shall not engage in nor have a direct financial interest in any activity which conflicts with his/her duties and responsibilities. Such activities where a conflict of interest may exist include but are not limited to:

- A. Receiving economic benefit from selling or promoting the sale of goods or services to students or their parents where the knowledge of the staff member's relationship to the district is in any way utilized to influence the sale.
- G. Using the interschool mail to promote sales of a product in which a staff member has a financial interest.